

BECHTEL NEVADA CORPORATION (BNC)

SECTION J

APPENDIX A

ADVANCE UNDERSTANDINGS

HUMAN RESOURCES FOR PROFIT CONTRACTORS

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APPENDIX A

Attachment 1: Schedule I - Exempt Job Classifications and Salary Ranges

Attachment 2: Schedule II - Nonexempt Job Classifications and Salary Ranges

Bechtel Nevada Corporation (BNC)
Section J, Appendix A
Advance Understandings
Human Resources for Profit Contractors
Contract No. DE-AC08-96NV11718

INTRODUCTION

These advance understandings set forth those Contractor Human Resource Management policies and related expenses which have cost implications under the contract, and identifies those costs deemed reasonable and allowable for reimbursement when incurred in the performance of the Contract work. Only those items of personnel costs and related expenses that are set forth herein or specifically referenced in these advance understandings are allowable costs by advance understanding under this Contract.

The Contractor shall select, manage, and direct the work force. The Contractor shall use effective management review procedures and internal controls to assure that areas which require prior approval of the DOE Contracting Officer or designee are reviewed and approved prior to incurrence of costs.

Either party may request that these advance understandings be revised and the parties agree to give consideration in good faith to any such request. Revisions to the advance understandings shall be accomplished by executing a Reimbursement Authorization as approved by the Contracting Officer or designee.

These advance understandings are adopted for the exclusive benefit and convenience of the parties hereto, and nothing contained herein shall be construed as conferring any right or benefit upon past, present, or future employees of the Contractor, or upon any other third party.

The Contractor shall promptly furnish all reports and information required or otherwise indicated in these advance understandings to the Contracting Officer or designee.

The Contractor will, in accordance with its commitment to excellence and its philosophy of continuous improvement, meet performance objectives under best practices in the design, implementation, and administration of its Human Resource Management Programs. For purposes of evaluating work under the contract for Contractor administration of Human Resource Management Programs, DOE shall consider the degree to which the Contractor has achieved best business practices defined by performance objectives.

DEFINITIONS

1. Accredited Service. The continuous period of time during which an employee is engaged in any of the Contractor's operations, is eligible for Company benefits, and is in an active pay status, or is in approved leave of absence status without pay.

Under the Contractor's Health & Welfare and Leave Programs, the employee may be given credit for prior service within the limitations listed below:

Accredited service will be determined by the greater of either of the following methods:

The total length of time spent by the employee in any capacity in the continuous service of the Contractor or Lockheed Martin Nevada Technologies, Inc.; Johnson Controls Nevada, Inc.; or their affiliated companies, as determined by the Company service date; or

The total length of time spent in any capacity as an employee with continuous credited service of this contract with the Contractor or its teaming subcontractors, or predecessor contractors, EG&G Energy Measurements, Reynolds Electrical & Engineering Company and Raytheon Services Nevada.

2. Bargaining Unit Employees (Union Employees). Employees whose wages, hours of work, and working conditions have been negotiated into labor contracts. Terms defining represented or union employees are further identified in the individual collective bargaining agreements.
3. Base Pay. The compensation of an exempt or nonexempt employee, exclusive of premium or other compensation. The base pay may be expressed as an hourly, weekly, or annual rate.
4. Basic Work Week - Nonbargaining employees. A 40-hour work week consisting of five consecutive basic work days of eight hours each.
5. Casual Employee. Employment status of an employee hired to provide manpower when temporary employees are needed to respond to an immediate need. Casual employees are covered by legally required benefits, but do not receive or participate in any other type of employee benefit program, group insurance plans, paid absences, or retirement plans (unless they work 1,000 hours or more per year). Casual employees may be called to work when needed and may work as many hours per week as necessary. All hours worked will be compensated as nonexempt nonbargaining employees. Casual employees will work intermittent job assignments of one year or less. Casual employees will not be eligible to receive benefits provided under the Defense Authorization Act, Section 3161, upon termination.
6. Casual Overtime. (a) Work in excess of the basic work week which cannot be scheduled in advance, or (b) regularly scheduled work in excess of 40 hours for a period of four consecutive weeks or less.
7. CFR. Code of Federal Regulations
8. Compensation Increase Plan (CIP). A plan for establishing need and specifying distribution of maximum dollar amounts and/or percentage of base payroll on an annualized basis, to be

allocated to employee groups for base pay increases or lump sum payments during a pay year. The amounts approved are for granting merit, promotion, adjustment, and reclassification increases.

9. Compressed Work Week. A work period designed to allow employees to fulfill work requirements in fewer days by increasing the number of hours worked in a single work day. A compressed work week may be expressed as a 4/40 (four consecutive work days of 10 hours each to total 40 hours worked in a one-week period resulting in three consecutive days off during each work week) or a 9/80 (nine work days totaling 80 hours worked in a two-week period resulting in two consecutive days off the first week and three consecutive days off the second week).
10. Contractor. Refers to Bechtel Nevada Corporation (BNC). The responsibilities and authorities specified in this Appendix for the "Contractor" shall be exercised by the General Manager of BNC or his authorized representatives.
11. Dislocated Worker. An M&O contractor employee who is voluntarily or involuntarily separated from employment in connection with a work force reduction, as of October 23, 1992, which is the date of the Defense Authorization Act, Section 3161.
12. Employee Assistance Program. A program of crisis intervention, assessment, referral, counseling, consultation and educational services concerning illegal drug use and other medical, mental, emotional, or personal problems of employees, particularly those which adversely affect behavior and job performance.
13. Exempt Employee. Executive, administrative and professional employees who are exempt from certain provisions of the Fair Labor Standards Act (FLSA).
14. Extended Work Week. A work week regularly scheduled and established in excess of 40 hours for a period in excess of four consecutive weeks.
15. Full-Time. Employment status of an employee regularly scheduled to work 30 or more hours per work week.
16. Incentive (Employee). A reward, financial or otherwise, that compensates the worker(s) for high and/or continued performance above standards. An incentive also is a motivating influence to induce accomplishment or performance above normal.
17. Job Worth Hierarchy. A ranking of Jobs within an organization by relative value to the organization for pay purposes.
18. Merit Increase. An adjustment to individual salary based on performance ranking.
19. Nonexempt Nonbargaining Employees. Employees who are subject to minimum wage and overtime pay provisions of the Fair Labor Standards Act, and who are not covered by a collective bargaining agreement.
20. Overtime Pay. Total amount of pay including base pay portion for work beyond 40 hours in a

work week.

21. Part-Time. Employment status of an employee regularly scheduled to work less than 30 hours per work week. Employees in this status are considered nonexempt for overtime purposes.
22. Promotion. The assignment of an employee to a job of greater value to the organization. This assignment may be recognized by a higher job classification or pay grade.
23. Salaried Employee. An employee who is hired for an unspecified period of time. This employment relationship can end with or without cause at any time by either the employee or the Contractor.
24. Salary Range. The range of pay rates, from minimum to maximum, set for a pay grade or job classification.
25. Substance Abuse. A health problem characterized by the use of a drug, alcohol or substances in a manner or to a degree that interferes with a person's health, interpersonal relations, work performance or legal status.
26. Special Adjustment. An increase to an employee's base pay due to internal or external equity considerations.
27. Termination. Quit, discharge, reduction-in-employment, retirement, death and/or removal from the payroll because of disability (as distinguished from disability absence where the employee is not removed from the payroll).

COMPENSATION

A. Compensation Program. The Contractor's job classifications and salary ranges for exempt and nonexempt personnel are included as Attachments 1 and 2 to this Appendix A. The Contractor shall submit its Compensation Program to the Contracting Officer or designee for initial approval and periodic review.

1. Initial design of its Compensation Program is supported by relevant data comparing the Contractor's Compensation Program with other industry benchmark programs. The Contractor Program shall include the following components:

- a. Philosophy and strategy for all pay delivery programs.

The Contractor's Compensation Program is designed to maximize retention of incumbent employees, to provide financial motivation, and to attract world class technical and administrative talent to meet mission objectives. The program provides a consistent and cost-conscious approach to paying salaries which are externally competitive and internally equitable. It also provides tools to guide management decisions and to forecast and control compensation costs.

- b. System for establishing a job worth hierarchy.

Each job classification is evaluated using a point factor comparison system to determine its value in relationship to other jobs within the organization. Job evaluation is conducted when a new job is developed or when the scope of responsibilities of an existing job has changed.

- c. Method for relating internal job worth hierarchy to external market.

- (1) The Contractor is a competitor in the local and regional labor market area for nonexempt and exempt salaried personnel and will maintain equitable compensation levels and benefit policies and practices commensurate with other comparable employers in the area where the Contractor operates and competes for labor under this project.

- (2) The Contractor recruits its exempt personnel from regional and national labor markets. Accordingly, compensation and benefit levels will be commensurate, equitable, and competitive with comparable positions in the industries and employment markets in which the Contractor operates and competes for labor under this project. Third party surveys establish benchmarks from specific labor markets. Regular survey participation, professional networking, and employee feedback provide quantitative and qualitative data compensation comparisons.

- d. System which links individual and/or group performance to compensation decisions.

Employee performance, peer ranking, and project results are used in conjunction with other management tools in making decisions regarding compensation. Individual and team performance are the most important factors to consider in planning salary increases.

Several other factors must also be considered: the employee's position in the salary range, equity with others in the organization, the external labor market, and budgetary considerations.

- e. Method for planning and monitoring the expenditure of funds.

An annual salary plan is prepared, based on agreed upon guidelines. Progress against the plan is monitored to assure compliance with the plan and budget.

- f. Method for assuring compliance with applicable laws and regulations.

Contractor will be compensated for publications, professional seminars, professional associations, legal counsel, and other information sources to assure adequacy of information regarding applicable laws and regulations.

- g. System for communicating the programs to employees.

Contractor will be compensated for any employee handbooks, newsletters or other written communications, training programs, or electronic systems that may be used to inform employees about Contractor's human resources programs.

- h. System for internal controls and self-assessment.

- i. The Contractor will submit proposed major Compensation Program design changes for approval prior to implementation.

B. Compensation Increase Plan

1. Ninety days prior to the proposed implementation, the Contractor shall submit to the Contracting Officer or designee an actual Compensation Increase Plan (CIP) and Salary Ranges for approval. The CIP should include the following components and data:

- a. Comparison of average pay to market average pay;
- b. Information regarding surveys used for comparison;
- c. Aging factors used for escalating survey data and supporting information;
- d. Projection of escalation in the market and supporting information;
- e. Information to support special adjustments;
- f. Analysis to support special adjustments; and
- g. Funding requests for each payroll group (e.g., exempt and nonexempt) to include breakouts of merit, promotions, variable pay, special adjustments, and structure movements.

- (1) The proposed plan totals shall be expressed as a percentage of base population

- payroll for the end of the previous plan year.
- (2) All increases granted under the CIP are chargeable when they occur, regardless of time of year in which the action transpires and whether the employee terminates before the year end;
 - (3) Specific payroll groups for which CIP amounts are intended shall be defined by mutual agreement between the Contractor and the Contracting Officer or designee;
 - (4) The Contracting Officer or designee may adjust the CIP amount after approval based on major changes in factors which significantly affect the plan amount and a discussion of the impact of budget and business constraints on the CIP amount;
 - (5) The Contractor shall submit an annual Contractor Salary-Wage Increase Expenditure Report (DOE Form 3220.8).

C. Individual Compensation Actions

Contracting Officer or designee approval is required prior to reimbursement for initial and proposed changes to base salary and/or payments under an Executive Incentive Plan for the top official, the deputy top official, and only those direct reports to the top official as designated by the Contracting Officer or designee. Until such time as the Contractor's compensation system is approved, all salaries at \$100,000 or above will require approval by the Contracting Officer or designee. The Contractor shall provide supporting justification related to internal and external equity as well as individual performance; for each initial compensation or change, the Contractor shall submit the Application for Contractor Compensation Approval form, DOE F 3220.5, forty-five days in advance of the proposed effective date of the action. No DOE funds shall be used for an action prior to Contracting Officer or designee approval.

When circumstances prevent submission of the Application for Contractor Compensation Approval forty-five days in advance of the proposed effective date, the Contractor may verbally request Contracting Officer approval of an Individual Compensation Action. The verbal request shall include the following information: the individual's name, proposed title and grade, type action (new hire, transfer, etc.), proposed effective date, proposed base salary, the person to whom the individual will report, and salary survey data (if available). Within ten working days, the Contractor shall follow up the verbal request with an Application for Contractor Compensation Approval form, DOE F3220.5 and associated documentation.

No DOE funds shall be used for an Individual Compensation Action prior to Contracting Officer or designee approval.

D. Compensation Reports

Contractor will submit semiannual reports of compensation which include subtotal dollar amounts for exempt and nonexempt employees and individual compensation by name, position, and amount for each direct report to the top official and for individuals compensated at \$100,000 and above.

E. Other Pay Programs

The following pay policy items are allowable costs and require DOE approval within prescribed parameters. Among those costs are:

1. Cash and In-Kind Award Programs

The Contractor shall submit for Contracting Officer or designee approval prior to implementing award programs such as incentive pay, on-the-spot awards, exceptional performance, and special award programs for all employees.

2. Pay for Time Not Worked

- a. Paid Time Off (PTO). PTO is provided to eligible employees to be used as they wish, i.e. for vacation, sick leave, personal reasons, or religious observances. With the exception of illness, PTO is to be scheduled in advance and mutually agreed upon by the supervisor and the employee after taking work requirements into consideration.

(1) Eligibility

Salaried employees are eligible to use PTO as it accrues. No minimum length of service is required. Employees in casual status do not accrue PTO.

<u>Accredited Service Requirement</u>	<u>Annual Accrual</u>	<u>Max. Accrual</u>
From Accredited Service Date		
Until 5th anniversary of that date	120 Hours	480 Hours
From 5th anniversary date		
Until 20th anniversary date	160 Hours	640 Hours
From 20th anniversary date forward	200 Hours	800 Hours

- (2) Part-time employees accrue PTO on a prorated basis.
- (3) Employees will continue to accrue PTO during all paid absences.
- (4) Employees will not accrue PTO while in any unpaid employment status.
- (5) Use of PTO must be approved by supervisors authorized to sign time records. PTO may be used by employees in increments of one-half hour or more.
- (6) Approved holidays occurring during PTO will not be counted against PTO accounts.
- (7) Group insurance coverage will remain in force and premium payments will continue to be apportioned between employer and employee on the same basis as during active work time. Participation in the retirement savings plan will continue and contributions will be based on actual eligible earnings while on PTO.
- (8) If an employee is disabled and chooses to use PTO, it can be taken in up to full work day increments and paid in addition to short-term or long-term disability benefits, or integrated with workers compensation payments (see paragraph E.2.i following).
- (9) Upon termination or transfer to another Bechtel, Lockheed Martin, or Johnson

Controls entity, the employee's unused PTO may be transferred to that entity or paid off. The funds associated with this transfer or cash out are reimbursable under this Contract.

b. Sick Leave Savings Account

- (1) Sick leave accrued prior to January 1, 1996, the effective date of this contract, will be placed in a sick leave savings account.
- (2) The maximum balance allowed in an employees' sick leave savings account is 1040 hours.
- (3) For rehires with a break in service of 3 years or less, unused sick leave that was accrued at termination will be credited to the employee's sick leave savings account.
- (4) Raytheon Services Nevada, Bechtel, Johnson Controls, and Lockheed Martin employees who did not transfer any sick leave, will be provided a one-time credit of 30 days (240 hours) of sick leave to be placed in their Bechtel Nevada sick leave savings account.
- (5) The sick leave savings account is supplemental to other benefits. It is not a vested benefit to which employees are entitled upon termination or reclassification from salaried to casual status. Consequently, the sick leave savings account will not be paid off upon termination.

c. Holidays

- (1) Eligible employees will be granted 80 hours of paid holidays each calendar year. Time off with pay is provided at the base pay rate for each of the following holidays:

New Year's Day	Labor Day
Martin Luther King Day	Veterans Day
Presidents Day	Thanksgiving Day
Memorial Day	Day after Thanksgiving Day
Independence Day	Christmas Day
- (2) When recognized holidays fall on a Saturday, the preceding Friday will be recognized as the holiday. When recognized holidays fall on a Sunday, they will be observed the following Monday.
- (3) For those employees working alternate work schedules/hours, a specific schedule will be established each calendar year.
- (4) Thirty days prior to the end of each calendar year, the Contractor will notify the Contracting Officer of the holidays to be observed.
- (5) To be eligible for holiday pay, the employee must be in paid status on the workday

either preceding or following the holiday. No pay will be granted for a holiday which falls on the day preceding the date of employment, nor for a holiday which falls after the last day worked.

- (6) If a scheduled holiday occurs when an employee is on an approved paid absence (e.g., PTO, jury duty, etc), the employee is entitled to holiday pay and no charge is made against their PTO.

d. Bereavement Leave

- (1) In connection with a death in the immediate family, a bereavement leave of up to three days with pay may be granted with time record signature approval. No minimum length of service is required.
- (2) The paid leave may be used at the time of the death or within a reasonable period following the death.
- (3) "Immediate family" is defined to include the following: mother, father, husband, wife, children or stepchildren, brother or sister, mother-in-law, father-in-law, grandparents and grandchildren, but not limited to an employee's natural or legal immediate family and in the absence of a natural or legal relationship shall include those persons considered by family, friends, and the community to bear such a relationship to the employee.

e. Jury/Witness Duty

- (1) Employees who have been called to be selected or to serve on a jury impaneled by a civil authority, or who have been called to testify as witnesses in legal proceedings, to which the employee is not a party, either voluntarily or under subpoena, will be granted time off with pay. Time off with pay will not exceed the number of hours in their scheduled work day. Verification of an employee's attendance at court is required.
- (2) Any compensation received by the employee for the performance of court duty, excluding subsistence or travel allowances, shall be remitted to the Contractor by the employee.

f. Paid Absences Due to Emergency Conditions

- (1) The Contractor's senior officer or manager assigned at a location has the responsibility to decide whether a natural or civil emergency condition exists to the extent it prevents employees from reporting to work, or requires that they leave the work location during scheduled work hours.
- (2) When normal attendance requirements are waived or modified due to emergency situations, employees will be paid for the hours of excused absence at their base pay rate not to exceed the number of hours in their standard work day.

- (3) Natural emergency conditions include, but are not limited to, extreme weather conditions, utility failures, and life-threatening accidents. Civil emergencies include riots, demonstrations, and bomb threats. This policy is to be used in short-term situations and would not necessarily apply in the event of major catastrophes which might cause the disruption of operations for an extended period of time.

g. Time Off for Voting

The Contractor may grant an employee up to two hours off with pay for purposes of voting in a duly constituted election. Employees must furnish satisfactory evidence of inability to vote outside regular working hours.

h. Grievances and Arbitration Leave

A union steward may be allowed time off with pay to perform the functions required of him/her in any grievance or arbitration proceeding. An employee called by the Contractor in such proceedings shall be paid for time lost.

i. Workers Compensation

- (1) The Contractor may pay an employee "injury time" for absences from work as the result of a job-incurred injury or illness at 100 percent of base pay, unless/until the employee receives statutory workers compensation benefits. When the employee receives statutory workers compensation benefits, the Contractor may supplement these benefits with "injury time" up to 75 percent of base pay, not to exceed six (6) months or 26 weeks from the date of injury. Once an employee qualifies for statutory workers compensation benefits, injury time paid at 100 percent will be adjusted retroactively to the 75 percent level as a supplement to the statutory benefit.
- (2) Employees may supplement statutory workers' compensation benefits, including "injury time," up to 100 percent of net pay with their sick leave savings or PTO. The sick leave savings account can be used on the first day of absence if the absence is the result of a work-related injury (as defined by applicable Workers Compensation regulations). In such cases, payments to the employee from the sick leave savings account will be reduced by the amount of Workers Compensation benefits for which the employee is eligible, even if the employee fails to file a Workers Compensation claim.

j. Military Leave

- (1) Employees who are members of the National Guard or military reserve units of the U.S. Armed Forces, who report for training purposes or civil emergencies may be granted leave with pay for a period not to exceed fifteen working days in any one year. The amount of pay received during such leave is the difference, if any, between the employee's base or equivalent rate of pay and the employee's military base rate of pay, excluding travel and subsistence.

- (2) Employees called to active military duty under presidential or congressional order, will receive up to one-half of their base rate of pay for at least 180 days after their call to active duty. Employees may use earned and/or accrued PTO to extend this 180-day period. In no instance will Contractor payments of salaries or wages and pay received for active military duty exceed employee's base pay rate earned prior to the call to active duty. For these purposes, active duty pay includes base pay, all specialty pay, and all allowances except subsistence, travel, and uniform allowances. Employees will receive enrolled benefits for dependents for a period of 180 days which can be extended by earned and or accrued PTO. Employees will continue to accrue credited service for pension during the 180-day period.

k. Defense of Employees Involved in Work-Related Claims and Legal Actions

(This provision is intended to clarify how the vicarious liability of the Contractor for the acts of its employees will be administered. It is not intended to alter the parties' rights or responsibilities with respect to allowable costs or avoidable costs determinations.)

- (1) If a claim or legal action is brought against an employee as the result of the employee's conduct while performing duties under this contract and within the employee's scope of employment, the Contractor may be allowed the cost of defending the employee, including appeals and cost of any judgment; provided, however, that the prior approval of the Contracting Officer or designee and the consent of the employee to be defended shall be obtained before any such defense is undertaken.
- (2) The provisions of the contract clause entitled "Litigation and Claims" shall have the same application to claims and legal actions against employees under this section as it has to those claims and legal actions which are brought directly against the Contractor. Before costs of any retained legal counsel may be allowed, the selection of such counsel must have the concurrence of the Contracting Officer or designee.
- (3) When involved in any claim or legal action covered by this section, an employee may, with the prior approval of the Contracting Officer or designee be allowed time off with base pay on scheduled work days for consultation with counsel, trial attendance, and such other matters as are reasonably incident to the claim or legal action.

F. Pay in Addition to Base Pay

1. Overtime

- a. Eligible employees will receive overtime pay for hours worked in excess of the basic

work week. All overtime hours worked are subject to federal, state, or local labor laws.

In some states, such as California, the wage and hour laws on overtime may be more stringent than the federal regulations. In such cases, the state laws take precedence over federal laws.

Authorized paid absences (PTO, Sick Leave Savings, Holidays, etc.) taken during a work week will not be counted as time worked for purposes of computing overtime pay for the scheduled work day or work week.

b. Exempt Employees

(1) Employees in Letter Grades A through D

Employees in letter grades A through D will be paid one-and-one half times their base hourly rate for any hours worked in excess of 40 hours in a work week. If required to work on paid holidays, these employees will be paid one-and-one-half times their base hourly rate, in addition to base pay for the holiday. Time worked on a holiday will be counted in the computation of the 40-hour work week.

(2) Employees in Letter Grades E through G

Employees in letter grades E through G may be paid overtime at their base pay rate when a significant amount of overtime in excess of the regularly scheduled 40-hour work week is scheduled, properly documented, and approved by the employee's immediate manager/supervisor in advance. Overtime will not be approved for casual overtime required to fulfill their regular duties and responsibilities.

Employees in these letter grades who are required to work on a scheduled holiday will be paid at their base pay rate for all hours actually worked, in addition to the base pay for the holiday. Time worked on a holiday will be counted in the computation of the 40-hour work week.

(3) Employees in Letter Grades H through L

Employees in letter grades H through L are not typically paid overtime. Under unusual circumstances, employees may be paid overtime at the employee's base pay rate when a significant amount of overtime in excess of the regularly scheduled 40-hour work week is scheduled, properly documented--including appropriate justification for an exception--and approved by the employee's Assistant General Manager/Director in advance. In addition, the Contractor shall submit an overtime request for approval to the Contracting Officer or designee for employees in these grades. The Contracting Officer or designee will evaluate each request on a case-by-case basis.

Normally, employees who are required to work on a scheduled holiday receive pay

only for the holiday. However, they may receive pay at their base pay rate for hours actually worked in addition to the base pay for the holiday when the above overtime approvals have been granted.

c. Nonexempt Employees (Number grades 1 through 7)

Nonexempt employees will be paid one-and-one half times their base hourly rate for any hours worked in excess of 40 hours in a work week. Any nonexempt employee who is required to work on a paid holiday will be paid one-and-one half times their base hourly rate, in addition to the base pay for the holiday. Time worked on a holiday will be counted in the computation of the 40-hour work week.

d. Overtime Pay - Training Programs (grades 1 through 7 and A through D only)

Attendance at lectures, meetings, training programs and similar activities outside the employee's scheduled working hours should not be counted as time worked for overtime purposes if all of the following criteria are met:

- (1) attendance is voluntary; and
- (2) the course, lecture or meeting is not directly related to the employee's job; and
- (3) the employee does not perform any productive work during attendance.

If any one of these criteria is not met, overtime must be paid.

When employees, on their own initiative, attend an independent school or college course after their scheduled work hours, the time is not hours worked for overtime purposes even if the course is job-related and the Contractor refunds the tuition and/or program cost.

e. Overtime pay for casual employees

Casual employees will be paid one-and-one-half times their base hourly rate for any hours worked in excess of 40 in the work week. Those who are required to work on holidays will be paid base pay only.

f. Overtime for bargaining unit employees

Overtime pay for bargaining unit employees is specified in the labor agreements.

2. Shift Differentials

a. Employees in grades 1 through 7, A through G, and casual employees will be paid shift differential payments of 10 percent of their base salaries when they are assigned to one of the following for at least three workdays:

- (1) a scheduled work shift that begins three or more hours before the start of the

established daytime work shift,

- (2) a scheduled work shift that begins three or more hours after the start of the established daytime work shift.
 - b. Eligible employees will be paid the shift differential payment only for the days worked on other than an established daytime shift. The shift differential is not included in payment for paid absences such as PTO and holidays. Pay for such absences will be calculated on the base salary rate.
 - c. Overtime pay on work days when employees receive shift differential pay will be calculated using base salary plus shift differential.
 - d. Shift differentials and Lead Man pay are allowable as specified by the Collective Bargaining Agreements.
 - e. Shift changes. Employees in grades 1-7 who are assigned to a shift without being given 48 hours' notice of assignment or shift change may be paid one and one-half times their base pay hourly rate for that portion of the newly scheduled shift which does not coincide with the hours of the employee's former shift during the first 48 hours of the new shift.
3. Call-In Pay

Employees in grades 1-7 who are called in to work after having left their job site at the end of their regular shift to perform work before, but not continuous with, their regular shift may be provided a minimum of four hours' work and if no work is available, four hours' pay. Employees in grades 1-7 who are assigned to a compressed work week will be paid a minimum of five hours of base pay. If no work is performed, the hours paid but not worked will be straight time, except on holidays when the applicable premium rate may be paid. Only hours worked will count towards computing overtime.

4. Temporary Job Assignments

Employees in grades 1-7 who are assigned temporarily, 90 days or less, to a lower job classification may retain and be paid their regular rate for the period of assignment. Employees in grades 1-7 who are assigned temporarily to a higher job classification may be paid a twenty-five cent (\$.25) per hour premium or the minimum of the higher classification, whichever is higher, during the period of temporary assignment.

5. Flight Pay Premium

- a. Whenever a nonbargaining employee is assigned to perform duties in support of an airborne video operation and actually performs such duties, such employee shall be paid an additional fifty cents (\$.50) per hour for each hour or fraction thereof while working at the assignment on-board such helicopter or aircraft, while airborne.
- b. Air crew members assigned to perform duties for a minimum of 30 minutes aboard diagnostic aircraft may be paid a flight pay differential of 25 percent of their base pay for

actual hours flown in the aircraft to the nearest hour. Flight crew members are not eligible for flight pay differential.

6. Hazard Premium

- a. When nonbargaining employees are assigned to and do perform work on wooden poles or towers at a height of more than 40 feet, they shall be paid time and one-half their base pay for the actual time worked at such heights.
- b. When nonbargaining employees are assigned to and do perform work on wooden poles or towers at a height of more than 80 feet, they shall be paid double their base pay rate for the actual time worked at such heights.
- c. When nonbargaining employees are assigned to and do perform work in steel-cased drill holes at a depth in excess of 1,000 feet, they shall be paid at time and one-half their base pay rate for the actual time worked at such depths.
- d. The premium set forth above shall be computed and paid in increments of one hour.

7. Re-Entry Premium (Tunnel/Underground)

- a. Nonbargaining employees, while engaged in re-entry work and required by the Company to wear both full protective clothing (coveralls, booties, gloves, caps, etc.) and a full face respirator, shall receive a premium of one dollar (\$1.00) per hour above their base pay.
- b. If a nonbargaining employee engages in re-entry work during any portion of the work day, the employee shall receive the premium for the entire shift.

8. Lead Differential/Work Direction Differential

An employee in grades 1-7 who is assigned to direct the work of other employees for a period of one work week or longer may receive seventy five cents (\$.75) per hour above his/her base pay for the actual hours worked in such a capacity. The Work Direction Differential may be added to the employee's base pay for the purposes of computing overtime.

9. On-Call Differential

The Company will pay a 15 percent monetary incentive for up to 40 hours worked per week at an employee's base pay when a nonbargaining employee is designated to be on 24-hour call to reactivate the Company Communication Center through cryptographic access or to provide extended coverage for the DOE Emergency Operations Center.

10. Reporting Pay and Partial Shift Work

Employees in grades 1-7 may be paid four hours of base pay (or five hours of base pay, if they work a compressed work week) when they report for work on their assigned shift and

are not put to work, except if no work is available by reason of inclement weather or other conditions beyond the control of the Contractor, or if the employee is discharged for cause or voluntarily terminates.

If put to work for a portion of their assigned shift, employees in grades 1-7 may be paid a minimum of eight hours or a maximum of their basic work day at their base pay rate, except if no work is available by reason of inclement weather or other conditions beyond the control of the Contractor, or if the employee is discharged for cause or voluntarily terminates.

11. Subsistence Allowances

- a. Employees assigned to report at Mercury will be paid at the rate of \$12.50 per day worked.
- b. Employees assigned to reporting points beyond Mercury will be paid at the rate of \$15.00 per day worked.
- c. Employees on official travel to the Tonopah Test Range will receive \$15.00 per day in lieu of M&IE.
- d. Employees assigned to TTR will receive \$15.00 per day subsistence for travel to NTS or Las Vegas when required to return to TTR the same day. If required to stay overnight at NTS, the employee will receive \$15.00 subsistence instead of \$12.50.
- e. Employees assigned to Las Vegas will receive \$12.50 for each day worked in Mercury; and \$15.00 for each day worked at NTS areas beyond Mercury, at TTR, and Nevada Research and Development Area (NRDA). To be eligible for this subsistence payment, employees must either report to or return from work at NTS, NRDA, or TTR on their own time or using other than government furnished transportation unless required to stay overnight.
- f. Subsistence allowances may be paid to employees who are ordered to and do report to such job sites and for whom no work is provided.
- g. TTR employees required to stay overnight in Las Vegas will be in official travel status.
- h. Nonbargaining employees who are required to work without a 12-hour break during a 24-hour period and who spend the night at the Nevada Test Site will receive \$10.00 per occasion meal allowance in addition to the above daily subsistence allowances.

12. Pay in Lieu of Notice

When the Contractor is unable to give advance notice to employees of an impending RIE, full time employees may be paid two weeks pay in lieu of notice at the discretion of the General Manager.

13. Personnel Borrowed

The costs associated with employees of a parent corporation or any other subsidiary, who are borrowed for incidental work under this contract, are reimbursable with prior approval of the

Assistant Manager for Business and Financial Systems. Time worked under this contract will include the time spent by employees en route to and returning from the site to their home operating unit. Expenses incurred by the employee while assigned to Bechtel Nevada will be allowed on the same basis as for working on their home operating contract, not to exceed costs allowable under the Federal Travel Regulations. See Contract Clause H, "Support from Contractor Affiliated Sources."

14. Bechtel Nevada Personnel Loaned

The Contractor may loan, at no cost to the Government, individuals working under this Contract to other operations of Bechtel, Lockheed Martin, and Johnson Controls (affiliates) on a non-interference basis as determined by the Contractor. Loans longer than six months require Contracting Officer or designee approval.

The affiliates will reimburse the Contractor for full costs plus DOE adders as appropriate. Travel costs of such loaned personnel will be the responsibility of the requesting affiliate company.

15. Bechtel Nevada Personnel Loaned to Outside Organizations

With the prior approval of the Contracting Officer or designee, the Contractor may temporarily assign Bechtel Nevada employees to locations and organizations other than their assigned organization. Such assignments may be to federal, state, and local government, non-profit organizations, private sector partners, or other customers.

Such assignments will be in the best interest of the DOE and the Contractor.

The term of these assignments will be determined to best meet the needs and obligations of the specific request but normally will be two years or less. Up to 100 percent of the cost of the assignment to the Contractor may be reimbursed. The terms and conditions of cost reimbursement will be spelled out in the approval letter.

Employees on temporary assignment will remain employees of Bechtel Nevada Corporation, Johnson Controls Nevada, Inc., or Lockheed Martin Nevada Technologies, Inc.

16. Commuting Benefits

Contractor may provide non-taxable commuting benefits as defined by IRS guidelines for transportation passes to employees working in the Washington, D.C. area, remaining consistent with DOE employees receiving commuting benefits in Washington, D.C.

17. Evacuation Pay

- a. An employee (except a nonexempt twenty-four (24) hour shift Fire Department employee) evacuated temporarily from the employee's assigned work site and for whom no work is provided, but whose services are further required in support of continuing operations, will be paid at his/her base hourly rate up to a maximum of ten hours per day, for all hours not worked and which the employee would have normally worked had

he/she not been evacuated.

- b. If an employee in grades 1-7 (except a nonexempt twenty-four (24) hour shift Fire Department employee) is in an evacuation status and a work status on the same day, the employee will be paid their base hourly rate for a combination of the two statuses up to the hours in their basic scheduled work day. However, should the employee work more than their scheduled hours on that day, the employee shall be paid for any overtime hours due at the employee's applicable overtime rate.
- c. Nonexempt twenty-four (24) hour shift Fire Department employees may be paid at their regular scheduled rate of pay for all time that corresponds to their basic scheduled work day while in evacuation status. Should the employee work on a scheduled non-work day while in evacuation status, the employee will be compensated for all hours worked at the applicable rate of pay for the type of work performed.
- d. If no work is performed on the employee's scheduled non-work day while in evacuation status, no payment will be made for that day.

18. Death Benefit

- a. In the event of the death of a full time employee, the Contractor will pay the surviving spouse or other designated beneficiary, or if there is no surviving spouse or other designated beneficiary, will pay the estate of the deceased, a lump sum amount not to exceed four weeks at the employee's then-current base or equivalent hourly rate as well as any earned and accrued PTO due.
- b. Upon the death of an employee while in travel status or on temporary duty assignment, the cost of preparation and transportation is allowable for the deceased employee, dependents of the deceased employee, and the personal effects of the deceased employee. This allowable cost will be from the place of travel assignment or temporary duty assignment to the place of the employee's permanent duty station or equivalent distance. The above is applicable providing the Contractor gave authorization for family members to accompany the employee on temporary duty assignment.
- c. Those employees covered by a Collective Bargaining Agreement will receive a death benefit as stipulated in their Collective Bargaining Agreement.

G. Certification Pay

Certification pay will require prior Contracting Officer or designee approval.

H. Site Allowance

Site allowances will be established with approval of the Contracting Officer or designee.

I. Location Pay for Temporary Assignments

Location pay for temporary assignments will be established including amount of pay and the

circumstances under which it is provided with approval of the Contracting Officer or designee.

J. Severance Pay - Nonbargaining Employees

1. In the event of a Reduction in Employment (RIE), the Contractor may pay one week base pay to all full-time employees with less than one year of accredited service and one week's base pay per year of accredited service to employees with one or more years of service to a maximum of 15 weeks severance pay. (Employees must complete at least six months of accredited service in their final year of employment to receive one week's severance pay for that year.) Severance pay will not be given for any previous service where severance was paid by a Contractor or affiliate.
2. Employees who (1) accept transfer to another facility, subsidiary, or affiliate of the Contractor (or Lockheed Martin or Johnson Controls), (2) who are offered employment by a successor contractor, (3) who resign, or (4) who are discharged for cause, will not be eligible for severance pay.
3. Employees who have been accepted for a voluntary RIE or who are impacted by a RIE and who are eligible for and subsequently elect retirement will not be denied severance pay. In the event DOE approves a special one-time retirement incentive in connection with a work force reduction, the eligibility "window" for the retirement incentive will be closed before any voluntary or involuntary RIE designations are made. Employees electing a retirement incentive are not eligible for severance pay.
4. Severance pay is not counted as pay or service in calculating retirement benefits.
5. The term "severance pay" does not include incentives for employees who voluntarily separate or retire.

EMPLOYEE BENEFITS PROGRAMS

A. Group Health and Welfare Programs

1. The employee benefit plans and related costs are approved by the Contracting Officer for application to employees working on this contract and are reimbursable. Annually, the Contractor will provide the Director, Human Resources, with a detailed breakout of estimated plan costs and premiums for the upcoming plan year. In addition, any change in benefits or benefit plan design must be submitted to the Contracting Officer for approval at least 90 days prior to the implementation of such change.
2. Group health and welfare plans include the following: Health, Dental, Vision, Health Maintenance Organizations, Pharmacy Benefit Management Program, Short-term Disability, Long-term Disability, Voluntary Personal Accident Insurance, Basic Life Insurance, Supplemental Life Insurance, Dependent Life Insurance, Business Travel Accident Insurance, Special Activity Accident Insurance, Long-term Care Insurance, and Health Care and Dependent Care Flexible Spending Accounts. Details of these plans are included in the appropriate Summary Plan Description or insurance contract on file with the Contracting Officer or designee.
3. Retiree medical and life insurance continuation plans will be offered to eligible employees in accordance with plans on file with and approved by the Contracting Officer or designee.

B. Medical Benefits Program for Dislocated Workers

1. The cost for continuation of medical coverage for Contractor employees who have been voluntarily or involuntarily separated from employment in connection with a work force reduction will be reimbursable provided the employee was:
 - a. Eligible for medical insurance coverage under the Contractor's plan at the time of separation from employment; and
 - b. Not eligible for coverage under another employer's group health plan or under Medicare since the date of separation.
2. The extended medical benefits program described above will be administered according to the implementation guidance contained in the Report to the Secretary of Energy on Displaced Worker Health Benefits and Monitoring, dated August 1992.
3. Employee premiums for this program are as follows:

First year: current active employee rate;
Second year: 50 percent of appropriate COBRA rate; and
Third year and beyond: 100 percent of appropriate COBRA rate.

C. Legally Required Benefits

All legally required benefits, such as Old Age, Survivor's and Disability Insurance, Unemployment Compensation and Worker's Compensation and Employer's Liability Insurance, are allowable costs. Any major changes to the above requires the approval of the Contracting Officer or designee.

D. Medical Facilities and Health Services

1. The cost of providing periodic, and termination physical examinations and associated medical services to employees may be allowed under a plan approved by the Contracting Officer or designee. The cost of associated medical services shall be limited to immunization, inoculation, and emergency treatment, except as otherwise approved by the Contracting Officer or designee.
2. The reasonable costs of establishment and operation of job site medical facilities, air evacuation (military and civilian), and the reasonable costs of medical care with medical doctors on call twenty-four hours per day, seven days per week are allowable for employees. Services will be available when en route between established point of origin and the job site and while on official travel status or authorized leave.
3. Employees may be paid at their base or equivalent hourly rate for time spent during regular working hours in receiving the above medical and health services when furnished or required by the Contractor.
4. Personal protective equipment may be provided by the Contractor at no cost to those employees exposed to possible health and safety hazards arising from operational requirements.

E. Recreation and Employee Morale

1. The Contractor may contribute to recreational and morale-building programs the sum of ten dollars times the number of full-time employees on the Contractor's payroll on April 1 and October 1 of each year. This includes activities such as participation in diversity events and other programs consistent with the allowable cost clause of this contract. Contractor will submit an annual Recreation and Employee Morale Plan for approval by the Contracting Officer or designee 30 days prior to the start of the fiscal year.
2. The Contractor is authorized to maintain established programs such as employee counseling and in-house employee publications.
3. The Contractor is authorized to provide programs to improve work environments, including safety glasses and shoes, and check cashing services. The employee will share in these costs as set forth in the approved Recreation and Employee Morale Plan.

F. Employee Education Training Assistance Program (EETAP)

1. Full-time nonbargaining employees who are active or on medical/family leave on the course start date and through the completion of the course, are eligible.
2. Courses must be related to the employee's job duties or part of a degree program leading to another position in BN, offered by an accredited school, college, or institution and approved before the employee enrolls in the course.
3. The Contractor will pay or reimburse for eligible costs, up to the amount of similar charges for courses provided by a local state-supported university, less financial assistance from other sources (grants, assistantships, fellowships, scholarships, VA assistance, etc.) when the employee achieves a grade of C or better, or "Pass" in a pass-fail course. Where essential training is not provided locally or where business-related schedule conflicts exist, the full amount of charges beyond the local state-supported university costs may be reimbursed on an exception basis. The contractor will provide a maximum of \$5,000 per employee each fiscal year, unless written approval of the Contracting Officer or designee is obtained in advance. The employee must furnish records of course completion and eligible costs incurred.
4. Eligible costs include in-state tuition, required textbooks, applicable state and local taxes and required direct charges billed by the institution for instruction, such as laboratory fees, initial registration fees, and health fees.

Ineligible costs include late charges, equipment, tools, general supplies, supplemental non-required textbooks, medical insurance, out-of-state tuition premiums (except under special circumstances), tuition for courses which are audited, and parking fees.

5. Employees must reimburse the Contractor if they do not successfully complete the course with a grade of C or better (or "Pass" in a pass-fail course), if they voluntarily end their employment prior to completing the course, and the amount of any rebate on tuition or fees they receive from the institution.

G. Extended Educational Assistance for Dislocated Workers

1. The Contractor will have full approval authority for extended educational assistance for workers dislocated prior to 10/1/98, and will assure that requirements described in the Nevada work force restructuring plans are adhered to, including limits on the time frame for using extended educational benefits and the maximum assistance allowed.
2. Dislocated workers are eligible to receive educational and occupational training from educational or vocational institutions. This eligibility extends to an Associate, Bachelor's or advanced degree. Any area of instruction that can lead to employment where one can earn a living is authorized reimbursement, except courses of a hobby or recreational nature. Basic and remedial education, entrepreneurial training, and instruction in literacy or English as a second language are included.
3. The educational assistance reimbursement is limited to the cost of tuition, required textbooks, and required direct charges billed by the institution for instruction, such as laboratory fees, initial registration fees, and health fees. Reimbursement shall not include expenses incurred by the employee for such items as equipment, laboratory breakage fees,

dues in student organizations, parking, or supplies and materials such as calculators, notebooks, pens, caps, or gowns. Fees for professional examinations, certifications, or licenses required to obtain employment are eligible for education assistance.

4. The dislocated worker shall not receive reimbursement under this provision if the individual is eligible for education assistance from their current employer. In the case of partial reimbursement by a government agency such as Nevada Business Services, the amount not provided for by the government agency that is allowable under the provisions of this contract may be reimbursed by the Contractor.

H. Unpaid Leaves

The Contractor will comply with any legal requirement to offer such leaves as well as internal policies and procedures related to eligibility, length of leave, benefit eligibility and premium payments. Employees will pay the active employee rate for benefit plans while on an approved unpaid leave; employees on Military Leave receive limited benefits (see Compensation, paragraph E.2.j.).

RETIREMENT PLANS

A. Pension Plan (Defined Benefit Plan)

1. General

- a. Costs are allowable in connection with the Contractor's Retirement Plan, as filed with and approved by the Contracting Officer or designee. Details of this plan are included in the Plan Document and Summary Plan Description on file with the Contracting Officer or designee.
- b. All amendments to the Retirement Plan will require Contracting Officer or designee approval prior to any costs being charged against the Contract. If approval by the Internal Revenue Service is required, Contracting Officer or designee may approve the amendments with the proviso that IRS approval must be obtained.
- c. Employees of the Contractor and principal subcontractors (Lockheed Martin and Johnson Controls) who are transferred to Bechtel Nevada, are authorized to remain in the parent organization retirement plan(s). Costs are allowable up to the actual employer cost of the corporate Trust and Thrift plans for these transferred employees with the following limitation: Under no circumstances shall the reimbursable employer cost of the corporate Trust and Thrift plans for a transferred employee exceed 7.5% of that employee's covered salary. The Contractor shall maintain such records as are necessary to demonstrate compliance with this clause respecting aggregate cost and individual cost. These records shall meet FAR/DCAA standards of reliability.

2. Reporting Requirements

The Contractor will submit copies of each actuarial valuation, accounting report, and IRS Form 5500 and related schedules annually.

3. Funding

- a. Annual contributions to the fund of the defined benefit pension plan shall be limited by the greater of:
 - (1) the minimum contribution required by Section 302 of the Employee Retirement Income Security Act (ERISA) and
 - (2) the amount estimated to eliminate the unfunded current liability as projected to the end of the plan year. The term "unfunded current liability" shall refer to the unfunded current liability as defined in Section 302(d)(8) of ERISA. Contributions above the minimum shall require approval by the Contracting Officer and shall be supported with adequate justification.
- b. If this policy causes a temporary, technical inconsistency with the CAS, the Contractor shall immediately notify the cognizant Contracting Officer and Chief Financial Officer. The Contractor shall have recourse to the cost principles found at DEAR 970.3102-

2(1),(2), and (3) and shall avoid penalties on that basis.

4. Termination of Retirement Plan

- a. The Contractor shall not terminate the retirement plan without the approval of the Contracting Officer. The Contracting Officer shall be advised of any partial plan termination due to a reduction of employment as soon as practicable after the qualifying event.
- b. If the Contracting Officer authorizes a total plan termination, the Contractor shall submit to the Contracting Officer the amount estimated to satisfy all plan liabilities (either by annuity purchase or utilizing assumptions and procedures of the Pension Benefit Guaranty Corporation) and a plan termination proposal that may include alternatives such as the purchase of annuities, plan to plan transfers or lump sum payments. The Contracting Officer, after reviewing the Contractor's proposal, shall provide written instructions to the Contractor identifying the approved methods and means to satisfy plan liabilities or in the alternative requiring the Contractor to continue sponsorship of the plan.
- c. If the Contracting Officer authorizes the purchase of annuities to satisfy all or part of the plan's liabilities, the Contractor shall obtain at least five offers on the open annuity market. Insurance companies competing for this business shall satisfy Department of Labor standards and shall have an A.M. Best rating of at least A+. The Contractor shall submit its recommendation for award to the Contracting Officer for consent and approval. Lump sum payments shall be valued using the normal retirement age and using the GATT rates whenever GATT rates are applicable.

Plan liability and plan termination costs shall be subject to the usual tests of allowability.

- d. If the Contracting Officer instructs Contractor to terminate the plan, plan assets and the return on those assets in excess of plan liabilities and termination costs shall revert to the DOE. In the event that plan assets are insufficient to meet termination liabilities and costs, DOE shall authorize the Contractor to draw down under its Contract letter of credit the amount necessary to cover such liabilities and reasonable costs associated with plan termination actions.

5. Termination of the DOE Contract - No Replacement Contractor

In the event the Contract is terminated without a replacement Contractor, the Contractor shall be responsible for termination of the Plan in accordance with paragraph 4 above.

6. Termination of the DOE Contract with a Replacement Contractor

- a. If operations at the Site continue but the Contract passes to a replacement Contractor, the pension plan and its liabilities and assets shall pass to the replacement Contractor including liabilities and assets for inactive participants (retirees and terminated vested employees).

- b. Assets shall include all accumulations of the DOE reimbursed contributions determined in the actuarial valuation report through the date of Contract plan assumption. The value of such assets shall be their market value and shall include due and unpaid contributions.
- c. When there is a replacement Contractor, the Contractor shall assist in the arrangements for the replacement Contractor to assume sponsorship of the Contractor Pension Plan. For the employees transferred to the replacement Contractor, the Contractor shall assist the Contracting Officer in transferring accrued Contract pension service to the replacement Contractor. Granting of prior Contractor service credit by the replacement Contractor shall not result in duplicate benefits for the same service time.

B. Thrift Plan (Defined Contribution Plan)

1. General

- a. Costs are allowable in connection with the Contractor's Thrift Plan, as filed with and approved by the Contracting Officer or designee. Details of this plan are included in the Plan Document and Summary Plan Description on file with the Contracting Officer or designee.
- b. All amendments to the Thrift Plan will require Contracting Officer or designee approval prior to any costs being charged against the Contract. If approval by the Internal Revenue Service is required, Contracting Officer or designee may approve the amendments with the proviso that IRS approval must be obtained.

2. Reporting Requirements

The Contractor will submit copies of the IRS Form 5500 and related schedules to the DOE annually as well as financial or accounting reports required by the DOE in connection with this plan.

3. Contract Termination

In the event the Contract with the Contractor is terminated, funds not committed pursuant to the provisions of the Thrift Plan shall be returned to the DOE.

MISCELLANEOUS

A. Employee Recognition Awards

The Contractor will submit for Contracting Officer or designee approval any employee recognition award programs such as Employee Recognition Program, Service Awards, Suggestion Awards, Invention Awards, etc.

B. Safety Programs

The cost of providing Safety Programs as required by the Department of Energy or approved by the Contracting Officer or designee shall be allowed in connection with work performed under the Contract.

C. Food Services, Housing, and Camp Facilities

The net cost to the Contractor of operating cafeterias, dining rooms, canteens, and providing food, housing, laundry services, custodial and janitorial services, and camp facilities in connection with the performance of work under this Contract, and such other services as may be required or approved by the Contracting Officer or designee shall be allowable cost to the Contract.

D. Substance Abuse Program

The Contractor shall submit to the Contracting Officer or designee for approval a substance abuse program consistent with the minimum requirements of 10 CFR part 707, Workplace Substance Abuse Programs at DOE Sites. The program will provide for such baseline services as: education awareness programs on the hazards of using substances in the DOE workplace; supervisory training on their responsibilities with impaired employees; counseling services; a testing program to deter possible use of substances by Contractor employees and visitors with unescorted access to designated reactor control areas (if testing designated positions consistent with Part 707 have been identified); and the services of a Medical Review Officer.

E. Employee Assistance Programs

The Contractor shall submit to the Contracting Officer or designee for approval the program plans and budget for the following Employee Assistance Services: crises intervention, consultation, counseling and referral to address a range of medical, mental, emotional and personal problems of employees, particularly those that affect job performance.

TRAVEL

A. Official Travel

Costs for lodging, meals, and incidental expenses incurred by Contractor personnel traveling on official business in the performance of contract work are allowable costs, but subject to the limitations set forth herein. Payments for lodging, meals, and incidental expenses may be based on per diem, actual expenses, or a combination thereof provided the method used results in a reasonable cost to DOE and they do not exceed, on a daily basis, the maximum per diem rates in effect at the time of travel as set forth in the Federal Travel Regulations (FTR).

When the applicable maximum per diem rate is inadequate due to special or unusual situations, the Contractor may pay employees for actual expenses in excess of such per diem rate limitation. To be allowable, however, such payment must be properly authorized by an appropriate official of the Contractor and shall not exceed the higher amounts that may be authorized for federal civilian employees in a similar situation.

B. Allowances While Traveling

1. Pay While Traveling

Nonbargaining employees may be paid as follows during period that such employees are assigned to official travel:

- a. Exempt, nonbargaining employees will be paid the same salaries they would have received for working their basic work week during such periods.
- b. Nonbargaining employees in grades 1-7 and A-D will be paid in accordance with the FLSA.

2. Foreign Travel

All foreign travel requires the prior approval of the Contracting Officer or designee.

3. Interviewee Travel

A prospective employee, who is requested by the Contractor to report for pre-employment interview, may be reimbursed for their expenses based on the actual cost of lodging up to the maximum allowable for that location, plus the M&IE for that location as prescribed in the FTR. With the prior approval of the General Manager, these allowances may also be allowed for the spouses of prospective employees.

4. Official Travel - Collective Bargaining Employees

Employees covered by collective bargaining agreements temporarily assigned to non-contingent work locations at the request of, and for the convenience of, the Contractor outside the territory or jurisdiction of their collective bargaining units, shall be allowed transportation, travel, and living expenses on the same basis as employees performing

"Official Travel." Such travel allowance will be paid in lieu of and not in addition to such subsistence and travel allowances as may be provided under the terms and conditions of the collective bargaining agreements.

5. Business Travel

a. Assignment

Deputy General Manager approval is required to assign an employee on a business trip for more than 60 days or to extend a business trip beyond 60 days.

b. Transportation

Transportation via public carrier will be reimbursed up to the equivalent of least cost economy air fare plus actual and reasonable expenses to and from the terminal.

c. Lodging, Meals, and Incidental Expenses

Reimbursement for daily expenses is based on the actual cost of lodging up to the maximum allowable for that location, plus the M&IE for that location as prescribed in the FTR. Receipts for lodging are required. The M&IE rate is payable to the traveler without receipts. M&IE includes meals, laundry, tips, and phone calls to reserve lodging. There are locations where a prescribed per diem is not assigned. In such cases, employees will be reimbursed up to the standard CONUS rate.

d. Rental Car

Use of a rental car may be authorized in accordance with the FTR and the Bechtel Nevada travel policy.

RELOCATION

A. General

1. The Contractor's relocation policy for new hires and transferred employees is principally for the Contractor's exempt employees. However, when local labor market conditions dictate and/or it is determined to be in the best interest of the Contract and has been approved by the Contracting Officer or designee, a nonexempt (grades 1-7) or casual employee may be relocated and entitled to all or part of the Contractor's relocation allowances depending on classification and need. Relocation expenses are treated as an allowable cost under this Contract.
2. Permanent assignment allowances may be authorized for transferred or newly hired employees who are assigned for an anticipated period of not less than 12 months.
3. If the employee obtains lodging from friends, work acquaintances, or relatives (including members of the immediate family), with or without charge, no part of the lodging expense allowance is reimbursable. Neither costs based on room rates for comparable conventional lodging in the area nor flat "token" amounts will be considered reasonable.

B. House-Hunting Trips

Objective is to purchase a home. One advance house hunting trip of up to ten days at the new location is available to the employee and spouse providing the present residence is not within a radius of 75 miles from the new place of employment. Reimbursement for daily expenses is based on maximum per diem rates as prescribed in the FTR.

C. Shipment/Temporary Storage of Household Effects

1. To qualify for the Household Effects Shipment, transferring employees, new hires, and college hires must be relocated to a new location which is more than 75 miles from their current US residence.
2. The maximum weight of household effects that may be transported or stored is limited to 18,000 pounds net weight. The time allowable for temporary storage in connection with an authorized shipment of household effects shall not exceed a period of 90 days. Upon an employee's written request, the initial 90-day period may be extended an additional period not to exceed 90 days under certain conditions if approved by the Deputy General Manager.
3. The cost of shipping household effects from more than one location must be approved by the Deputy General Manager. However, the cost of moving the differently located effects may not exceed the cost of shipping the property in one lot from the last assignment location to the new assignment location via the most economical route.
4. The Contractor will accomplish shipment of household effects according to the FTR. Costs for the shipment of unusually bulky or expendable items as household effects *will not be reimbursed*.

5. Household effects shipments will be covered with full replacement value liability insurance protection.
6. Items such as professional and/or technical books or tools required for job assignments do not have to be included in the shipment of personal and household effects. Personally owned professional books, papers, and equipment required for job assignments may be transported to the new permanent assignment as an administrative expense of the project.
7. Employees may move their own household effects consistent with guidance provided in the FTR.

D. Shipment of Autos, House Trailers and Mobile Homes

1. Costs for shipment by freight forwarder of one auto for new hires, college hires, or transferring employees will be reimbursed with the following limitations:
 - a. The shipment is advantageous and cost effective to the government and the General Manager or his designee approves shipment.
 - b. Vehicles must be in operating condition. Shipment of antique autos is not authorized regardless of operating condition.
 - c. Assignment location must be more than 500 miles from point of origin.
 - d. No reimbursement will be made for storage charges at point of origin or destination.
 - e. Transportation is limited to vehicles having a gross size for shipping purposes of not more than 20 measurement tons (800 cubic feet).

All necessary and customary expenses directly related to the transportation of a privately owned vehicle may be allowed, including crating and packing expenses, shipping charges, and port charges for readying the vehicle for shipment at port of embarkation and for use at port of debarkation.

When it is in the best interests of the government, transferring employees who travel by plane to their new location may ship two vehicles with the approval of the General Manager or his designee. Costs for the shipment of a second auto will be reimbursed up to the amount that would have been provided if the second vehicle had been driven.

2. Costs for the shipment of a single-unit house trailer or mobile home, moved by the employee or commercial carrier and used as the principal residence, will be reimbursed. The employee is responsible for the cost of insurance for valuation of the mobile home above the carriers' maximum liability, or charges designated in the tariffs as "Special Service."

E. En Route Expenses

1. Transportation

Transportation via public carrier will be reimbursed up to the equivalent of least cost economy air fare plus actual and reasonable expenses to and from the terminal.

If a private automobile is used, mileage costs via the most direct route will be reimbursed at the FTR rate for the first auto and one-half the FTR rate per mile for the second auto. The lower rate for the second auto applies when one auto is shipped and a second is driven.

2. Lodging, Meals, and Incidental Expenses

Reimbursement for daily expenses is based on the actual cost of lodging up to the maximum allowable for that location, plus the M&IE for that location as prescribed in the FTR. Receipts for lodging are required. The M&IE rate is payable to the traveler without receipts. M&IE include meals, laundry, tips, and phone calls to reserve lodging. The maximum per diem rate for en route travel is the standard CONUS rate.

F. Settling-In Expenses

1. The period for settling-in will be reduced by the number of house-hunting trip days if a house-hunting trip has been made.
2. An employee for whom a permanent relocation is authorized shall be allowed lodging and subsistence expenses for not more than 60 consecutive days and for each member of his/her immediate family for a period of not more than 45 consecutive days when occupancy of temporary quarters is determined to be necessary. Up to three days may be used at the pre-departure location. The period of consecutive days may be interrupted for the time that is allowed for travel between the old and new locations; for circumstances attributable to official necessity as, for example an intervening temporary assignment; or for non-official necessary interruptions such as hospitalization, approved sick leave, or other reason beyond the employee's control and acceptable to the Contractor.
3. Reimbursement shall be made only for actual lodging expenses incurred up to the location's allowed per diem lodging rate and for subsistence at the location's allowed per diem rate. Subsistence includes meals, groceries consumed during occupancy of temporary quarters, fees and tips incident to meals, laundry, and cleaning and pressing of clothing. Expenses of local transportation incurred for any purpose shall not be allowed.
4. Settling-in may be allowed for an additional period of time not to exceed 60 consecutive days provided the General Manager determines that there are compelling reasons. The total period of time for settling-in shall not exceed 120 days under any circumstances.
5. When an additional 60 days of settling-in is authorized, the additional days shall be computed at 75% of the first period daily rate.
6. Occupancy of temporary quarters for less than a whole day constitutes one full calendar day of the eligibility period.

G. Automobile Rental

1. Actual and reasonable automobile rental contract costs (per the FTR), will be reimbursed. Costs are not to exceed four weeks or the arrival of a shipped automobile, whichever occurs first.
2. New hires and college hires are not eligible for car rental.

H. Sale of Principal Residence

1. Authorized for employees on "long term" assignments (those anticipated to exceed 12 months or more). New hire employees will be considered by the General Manager on a case-by-case basis. College hires are not eligible for this reimbursement.
2. Reimbursement will be made for certain expenses related to the sale of a principal residence to a maximum of 14 percent.

I. Purchase of a New Residence

1. Authorized for employees on "long term" assignments (those anticipated to exceed 12 months or more). New hire employees will be considered by the General Manager on a case-by-case basis. College hires are not eligible for this reimbursement.
2. To qualify for reimbursement related to the purchase of a new residence, the employee must be a homeowner of a prior primary residence 75 miles or more outside of the new assignment area. This prior residence does not have to be for sale.
3. Reimbursable costs resulting from the acquisition of a home at the new location are limited to those associated with standard banking practices at the new location and shall not exceed the 5 percent of the purchase price of a new residence.
4. Unallowable costs include but are not limited to: Points paid to "buy down" the mortgage interest rate; real estate broker's fees and commissions; costs of swing/bridge loans; interests on lines of credit; costs of litigation; real and personal property insurance against damage or loss of property; mortgage life insurance; owner's title insurance policy when such insurance was not previously carried by the employee on the old residence (however, cost of mortgage title insurance policy is allowable); property taxes and operating or maintenance costs; interest on loans, points, and mortgage discounts; any fee, cost, charge or expense determined to be part of the finance charge under the Truth in Lending Act; and expenses that result from the construction of a residence.
5. Losses due to failure to sell a residence at the old assignment location at the price asked, or at its current appraised value, or at its original cost, or due to failure to buy a dwelling at the new assignment location at a price comparable to the selling price of the residence at the old assignment location, and any similar losses, are not reimbursable.
6. No advance of funds is authorized in connection with the sale and/or purchase of a residence.
7. The settlement dates for the sale and purchase transactions for which reimbursement is

requested must occur no later than two years after the effective date of the employee's transfer to the new assignment location.

J. Duplicate Homeowner Expense

1. Housing costs (for a pre-transfer permanent residence which is being offered for sale and is unoccupied or vacant) incurred after the settlement date or lease date of the new permanent residence will be reimbursed for not more than a twelve month period. This category of costs is not reimbursable during the settling-in period.
2. Combined Duplicate Homeowner Expense and Sale of Principal Residence may not exceed 14% of the actual sales price of the former principal residence.
3. Reimbursable receipted expenditures include: maintenance of building and grounds (exclusive of fixing up expenses), utilities, mortgage interest, taxes, and property insurance.
4. This allowance is available to transferring employees. New hire employees will be considered on a case-by-case basis and will be approved by the Contracting Officer or designee. College hires are not eligible for this reimbursement.

K. Mortgage Interest Differential (MID)

1. When an employee who was a homeowner at the former assignment location has to pay a higher mortgage interest rate at the new location than they did at the old location, the employee is eligible for the Mortgage Interest Differential allowance, calculated in accordance with Bechtel Nevada Human Resources Principle L-J13.HR903.
2. When mortgage interest differential payments are made on a lump sum basis and the employee leaves or is transferred again in less than three years, the amount initially recognized shall be proportionately adjusted to reflect payments only for the actual time of the relocation.
3. Eligibility for MID for new hires will be reviewed on a case-by-case basis and will be approved by the Contracting Officer or designee. College hires are not eligible for MID.

L. Rental Differential Payments

Rental differential payments may also be provided to cover situations where relocated employees retain ownership of a vacated home in the old location and rent at the new location. The rented quarters at the new location must be comparable to those vacated, the allowable differential payments may not exceed the actual rental costs for the new home less the fair market rent of the vacated home, times three years.

M. Residence Relocation Allowance

Miscellaneous Residence Relocation Expenses (eligibility limited to employees buying, selling, or leasing a permanent residence) up to \$1,000 will be paid as a lump sum.

N. Settlement of an Unexpired Lease

Reimbursable expenses incurred for settling an unexpired lease (including month-to-month rental) for residence quarters occupied by the employee at the old assignment location may include broker's fees for obtaining a sublease or charges for advertising an unexpired lease.

O. Payback Provision

Employees who resign, are transferred at the employee's request, or are terminated by the Contractor due to falsification of employment information within twelve months of payroll start date will be required to repay the Contractor the amount received for relocation.

P. Time Limitations

The Internal Revenue Service (IRS) has stated that all travel/moving advances not accounted for within 120 days will become gross income to the employee and will be subject to federal tax withholding from regular wages.

Q. Relocation Expenses Upon Termination

1. When an employee who was relocated within one year of hire or transfer is part of a RIE, the cost of return movement of the employee, the family, and household effects to a point not more distant than point of hire may be allowed. The employee must sign a statement that the return moving costs are not being reimbursed by another employer.
2. All relocation under this provision shall be accomplished within 90 days after termination, except as approved by the Contracting Officer or designee.

TEMPORARY ASSIGNMENTS

A. General

The Contractor may require the services of employees at a work station other than their permanent location. The length of such assignments may be intermittent or may be for the duration of a specified project completion. When such work assignments are for a period of more than sixty (60) days and not more than one year and the work location is more than 75 miles from either the permanent location or place of residence, employees will be considered to be on temporary assignment.

B. En Route Expenses (to and from the temporary assignment location)

1. Transportation

Transportation via public carrier will be reimbursed up to the equivalent of least cost economy air fare plus actual and reasonable expenses to and from the terminal.

If a private automobile is used, mileage costs via the most direct route will be reimbursed at the FTR rate for the first auto and one-half the FTR rate per mile for the second auto. The lower rate for the second auto applies when one auto is shipped and the second is driven. Shipment of an auto may be authorized by the General Manager or his designee only when the assignment is planned to continue for more than three months and when the shipment is advantageous and cost effective to the government.

2. Lodging, Meals, and Incidental Expenses

Reimbursement for daily expenses is based on the actual cost of lodging up to the maximum allowable for that location, plus the M&IE for that location as prescribed in the FTR. Receipts for lodging are required. The M&IE rate is payable to the traveler without receipts. M&IE include meals, laundry, tips, and phone calls to reserve lodging. The maximum per diem rate for en route travel is the standard CONUS rate

C. Automobile Rental

Manager or designee may authorize the use of a program-furnished or commercially-rented car for employees on temporary assignment.

D. Settling-In Expenses

The maximum reimbursement period for settling-in is 60 days or until long term lodging is obtained, whichever occurs first. The period for settling-in will be reduced by the number of days on business trip related to the temporary assignment.

E. Expenses at Temporary Locations (employee only)

Lodging, Meals, and Incidental Expenses

Reimbursement for daily expenses is based on the actual cost of lodging up to the maximum allowable for that location, plus the M&IE for that location as prescribed in the FTR. Receipts for lodging are required. The M&IE rate is payable to the traveler without receipts. M&IE include meals, laundry, tips, and phone calls to reserve lodging. There are locations where a prescribed per diem is not assigned. In such cases, employees will be reimbursed up to the standard CONUS rate.

F. Other Provisions

1. Lodging

If the employee obtains lodging from friends, work acquaintances or relatives (including members of the immediate family), with or without charge, no part of the lodging expense allowance is reimbursable. Neither costs based on room rates for comparable conventional lodging in the area nor flat "token" amounts will be considered reasonable.

2. Excess Baggage/Personal Effects

When the total weight of the personal effects needed by the employee exceeds the airline baggage allowance, quantities in excess of the allowance shall be shipped by parcel post, where practical, or if not suitable for mailing, by freight or express if any of those less costly means of shipment will suffice. BNC President or first tier level of management approval is required. Shipments for temporary assignments anticipated to exceed three months are limited to 1,000 pounds or less. Shipments must not be made as accompanied baggage or express when ordinary freight service will meet the official needs. Due consideration must be given to the probable cost of collecting or delivering the shipment and the time required for transit.

3. Trips Home

Employees on single status assignments of three months or more may be eligible for trips home. When justified, periodic trips home, not to exceed a frequency of once every four weeks may be granted to employees on temporary assignment provided that at least 30 days remain in the assignment. Transportation for such trips will be reimbursed up to the least cost of economy airfare plus reasonable expenses to and from airport. If an employee elects to travel to a location other than their home base, the maximum reimbursement allowed will be the actual cost or equivalent cost of round trip airfare from the temporary assignment location to the employee's home base, whichever is lower. The purpose of these trips is to reunite families or conduct personal business that a temporary assignment might prohibit.

4. Spouse/Family Visit

In lieu of the employee's trip home, reimbursement for round trip airfare to the temporary assignment location only may be granted to the employee's spouse and/or children up to the amount equal to one adult economy class round trip airfare. Other costs such as transportation to and from airports and lodging or meal expenses for the spouse will not be reimbursed. The employee's next authorized trip home will be four weeks after spouse has returned home. Any expenses reimbursed under this alternative will be considered taxable

income.

G. Lease Cancellation

When a temporary assignment is curtailed or interrupted for the benefit of the client, or for other reasons beyond the employee's control and the employee is unable to obtain a refund for prepaid rent, expenses incurred for the unused lodging will be reimbursed provided that it can be determined that the employee acted reasonably and prudently in incurring allowable lodging expenses. This determination will include a consideration of whether the employee sought to obtain a refund of the prepaid lodging costs and/or rental deposit or otherwise took steps to minimize the costs once they knew that the assignment had been interrupted or that the length of the assignment had been curtailed. If it can be determined that the employee acted reasonably, the rental deposit (or portion thereof) forfeited to cover the unpaid lodging costs or the unrefunded rent will be reimbursed as a miscellaneous travel expense.

RECRUITMENT

A. Recruiting Costs

The reasonable and necessary costs incurred for the recruitment of personnel will be allowed. Costs may include, but are not necessarily limited to, advertising in newspapers and technical journals, preparation of recruiting materials, and travel for recruiting personnel and technical representative.

B. State and Nonprofit (No-fee) Minority Agencies

The Contractor will, to the maximum extent feasible, utilize the services of the local State and nonprofit (no-fee) Minority Agencies in the recruiting of personnel and will provide those agencies with current listings of job openings for which outside recruiting is being conducted.

C. Other Recruiting Methods

The Contractor may utilize employment agencies or employment consultants in the recruiting of personnel and may travel to educational institutions, attend job fairs, or sponsor "Open Houses" in special recruitment areas and invite prospective employees whose skills are in short supply to the point of hire and/or permanent duty station for a preemployment interview.

D. Physical Examinations

The reasonable costs of employment physical examinations for new hires, rehires, and employees returning to work after an absence of more than five days due to illness or injury, including substance abuse testing, are allowable.

E. Pre-employment Verification Standards

The reasonable cost of pre-employment personnel investigations are allowable under this Contract. All costs associated with the processing of a security clearance where the contract requires the employee to have such clearance, are allowable under the Contract.

F. Cooperative Education Student Employment

1. The Contractor may implement a Cooperative Education Program (CEP) to recruit potential long-term technical, professional, or administrative employees.
2. The administration of Cooperative Education Student Employment will be in accordance with a plan on file with and approved by the Contracting Officer or designee.
3. Travel and Relocation Allowances

Co-op employees whose Contractor work locations are more than 100 miles from their schools may be reimbursed for public transportation or automobile mileage for the most direct route. Reimbursement will not exceed the equivalent of least cost economy airfare. En route expenses and up to five days' settling-in expenses, up to the maximum per diem rate

may be authorized upon arrival at the work location.

G. Summer Student Employment

Travel and relocation allowances for summer student employees may be paid in accordance with paragraph F.3, above.

SUSPENSION OF ACCESS AUTHORIZATION

If the access authorization of an employee is suspended by direction of the Contracting Officer or designee, the Contractor shall transfer the employee to work not requiring access if such work is available. If a Contractor determines no work is available in an uncleared area to which the employee may be transferred, the Contractor shall prepare a written report for the concurrence of the Contracting Officer or designee, setting forth the reasons for the determination. Subject to Contracting Officer or designee concurrence with such determination, the Contractor shall place the employee on leave with pay at their base compensation until the employee is notified in writing of the Hearing Officer's recommendation. If the Hearing Officer recommends revocation of access authorization, the employee shall be placed on leave without pay. If the Hearing Officer recommends continuation of access authorization, payment of the base wage shall be continued until final disposition of the case under Departmental procedures, 10 CFR Part 710.

If the employee whose access authorization has been suspended is transferred to another position where such access authorization is not required, compensation shall, thereafter, be the base wage or salary received by the employee in the position from which transferred, and such compensation shall continue until the employee is notified in writing of the Hearing Officer's determination. If the Hearing Officer recommends revocation of access authorization, compensation will be adjusted to the rate applicable to the job being performed. If the Hearing Officer recommends continuation of access authorization, the base wage previously received shall be continued until final disposition of the case under Departmental procedures, 10 CFR Part 710. If at any stage of the access authorization procedure following a suspension, the employee's access authorization is reinstated and they return to work in the same or comparable position the employee shall be reimbursed for net loss of base earnings during the period of suspension.